

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

DIB5018 – INTRODUCTION TO INTERNATIONAL BUSINESS

(All sections / Groups)

23 OCTOBER 2018

2:30 PM – 4:30 PM

(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 11 pages with 3 sections.
2. For Section A, please shade your answers on the OMR form provided.
3. For Section B and C, please write your answers in the answer booklet provided.
4. Answer ALL questions.

SECTION A: MULTIPLE CHOICE QUESTIONS (40 marks)

Instruction: Please shade your answers on the OMR form provided.

1. Which of the following accurately defines international business?
- a. International business consists of business transactions between parties from less than two countries.
 - b. International business consists of business transactions between parties from more than one country.
 - c. International business consists of non-business transactions between parties from more than one country.
 - d. International business consists of business communication between two parties from more than one country.
2. Jack and Jill produces water bottles at a factory in Indonesia and ships the water bottles to several retailers in Malaysia. Jack and Jill is involving in which international business activity?

- a. Exporting.
- b. Contracting.
- c. Importing.
- d. Accounting.

- A contractual arrangement.
- A firm in one country licenses the use of its intellectual property (such as patents, trademarks, brand names or copyrights) to a firm in a second country.
- Involve royalty payment.

3. The above statements are explaining about _____ as other forms of international business activity.
- a. importing
 - b. international franchising
 - c. international licensing
 - d. exporting
4. Which of the following is **NOT** an example of intellectual properties?
- a. Invention.
 - b. Merchandise.
 - c. Artistic works.
 - d. Copyright.

Continued...

5. Purchases of foreign financial assets (stocks, bonds) for several purposes other than control such as increasing assets' rate of return.

The above statement is related to _____.

- a. foreign portfolio investment (FPI)
 - b. foreign direct investment (FDI)
 - c. international franchising
 - d. international licensing
6. The integration of technology in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before is referred to as _____.
- a. international business organisation
 - b. market internationalisation
 - c. economic integration
 - d. globalisation
7. One of the emerging markets is BRIC countries which consists of _____.
- | | |
|-----------|---------------|
| I. Brazil | III. Colombia |
| II. China | IV. Argentina |
- | | |
|----------------|----------------|
| a. I and II. | c. III and IV. |
| b. II and III. | d. I and IV. |
8. Singapore and Hong Kong are _____ countries.
- | | |
|------------|--------------------|
| a. BRIC | c. High Income |
| b. Big Ten | d. Non-High Income |
9. Which of the following are **CORRECT** pertaining to the roles of U.S. dollar?
- | | |
|---|--|
| I. Used by the European Union countries. | |
| II. As foreign-currency reserve. | |
| III. Used for half of all international transactions. | |
| IV. As invoicing currency. | |
- | | |
|-------------------|--------------------|
| a. I and II. | c. II, III and IV. |
| b. I, II and III. | d. I, II and IV. |

Continued...

10. Mexico has implemented market-opening reforms to foreign goods and investors after abandoning the close market system. Which of the following is **INCORRECT** pertaining to the benefits of open market system towards Mexico?
- Reduces trade barriers.
 - Reduces government's role in economy.
 - Initiates good relationship with other countries by signing North American Free Trade Agreement (NAFTA).
 - Protects its domestic industries.
11. Three countries that previously ranked as upper-middle income countries and has been recently ranked as high income countries are Croatia, _____ and _____.
- Germany; France
 - Argentina; Panama
 - Iceland; Norway
 - Andorra; Monaco

- Political instability.
- Chronic U.S. military intervention.
- Inadequate educational systems.
- Weak middle class.
- Poverty.
- Import limitations.

12. The above characteristics are describing the _____.
- Central America and the Caribbean
 - European Union
 - Central Asian Republics
 - Western Europe
13. Which of the following countries are known as Balkan countries?
- | | |
|---------------|-----------------------------|
| I. Macedonia. | III. Serbia. |
| II. Monaco. | IV. Bosnia and Herzegovina. |
- I, II and III.
 - I, III and IV.
 - I, II and IV.
 - II, III and IV.

Continued...

The Central Asian Republics share few common features such as using the same language and religion, possess scarce arable land and is under Russian influence.

14. Which of the following countries is **NOT** included in the description as above?
- a. Pakistan.
 - b. Turkmenistan.
 - c. Uzbekistan.
 - d. Kyrgyzstan.
15. Listed below are the main factors for Japan's economic success **EXCEPT** _____.
- a. large network of "keiretsu"
 - b. partnership with MITI
 - c. possess arable land
 - d. relying on "sogo shosha"

More than a third of New Zealand's exports are attributable to its extensive pasture lands. These exports include dairy products, meat and wool.

16. The term 'pasture land' from the text above can be defined as _____.
- a. extensive land owned by interrelated companies
 - b. land covered by mountains and deserts
 - c. large and privately owned land
 - d. land covered in grass and other low plants
17. When judges making decisions based on their wisdom on individual cases through history, the judges are practicing _____.
- a. civil law
 - b. common law
 - c. religious law
 - d. bureaucratic law
18. Religious law is primarily being implemented based on _____.
- a. officially established rules governing a faith
 - b. the whim of those with power
 - c. previous judges' decisions
 - d. codifications and listings of permissible acts
19. The United States has enforced an embargo against Cuba since the early 1960s. Embargo can be defined as _____.
- a. a comprehensive sanction against all commerce with a given country
 - b. restriction against commerce with a country
 - c. products that may be used for both civilian and military purposes
 - d. attempt to regulate business activities that are conducted outside borders

Continued...

20. The president of Venezuela announced about the nationalisation law of all international banks in the country. Nationalisation refers to _____.
- a. restrictions on the ability of a company to return profits to its home country
 - b. a corporation without fair and appropriate compensation system
 - c. converting foreign currency into the currency of another country
 - d. transfer of ownership of resources from private to public sector
21. Which of the following laws implementation that will result in a loss of assets without compensation?
- a. Expropriation.
 - b. Confiscation.
 - c. Revaluation.
 - d. Inflation.
22. Restrictions on the ability to return to home countries with the profits earned in host country explains _____ law towards foreign firms.
- a. expropriation
 - b. confiscation
 - c. repatriation
 - d. privatisation
23. A _____ risk affects certain firms in a country or firms in certain industries.
- a. micropolitical
 - b. legal
 - c. taxation
 - d. macropolitical

Daily activities of a firm or the safety of its employees are threatened through changes in laws and terrorism.

24. Which of the following political risks **CORRECTLY** explaining the above statement?
- a. Ownership risk.
 - b. Operating risk.
 - c. Transfer risk.
 - d. Macropolitical risk.
25. Which of the following is an element of culture?
- a. Values and attitudes.
 - b. Individualistic.
 - c. Races.
 - d. Acculturation.

Continued...

26. Which of the following is **INCORRECT** pertaining to social structure element in culture?
- a. Social mobility tends to be higher in less stratified societies.
 - b. Social mobility tends to be lower in less stratified societies.
 - c. Social stratification can be divided into highly stratified societies and less stratified societies.
 - d. Social stratification is not related to attributes of the societies.
27. Which of the following is **CORRECT** pertaining to translation and backtranslation?
- I. Translation inefficiencies would lead to marketing disasters.
 - II. Backtranslation is when one person translates a document into another language.
 - III. Backtranslation is used in order to reduce the chances of sending the wrong messages to customers.
 - IV. Translation is used to overcome some linguistic differences.
- a. I, II and III.
 - b. I, II and IV.
 - c. I, III and IV.
 - d. II, III and IV.
28. Head nodding, pats on the back and slow walking are the examples of _____.
- a. nonverbal communication
 - b. verbal signals
 - c. agreement signs
 - d. facial expressions
29. Which of the following country is **NOT** an example of high-context culture?
- a. China.
 - b. Vietnam.
 - c. Japan.
 - d. Austria.
30. According to the low context-high context theory, in which of the following countries should advertisements be fact-oriented?
- a. Japan.
 - b. India.
 - c. Saudi Arabia.
 - d. Germany.

Continued...

- Relationship and quality of life are important.
- Failing in school is a minor incident.
- Rewards are given based on equality.
- People work to live.

31. Which Hofstede's Five Dimensions' extremes **CORRECTLY** explains the above statements?
 - a. Passive goal behavior.
 - b. Uncertainty acceptance.
 - c. Long term outlook.
 - d. Power respect.
32. What is the first step in acculturation of new cultures?
 - a. Self-reference criterion.
 - b. Cultural conversion.
 - c. Cross-cultural literacy.
 - d. Language training.
33. The term _____ refers to the voluntary exchange of goods, services, assets or money between one person or organisation and another.
 - a. trade
 - b. international
 - c. transaction
 - d. investment
34. What type of purchase decision the modern firm-based theories are focusing on?
 - a. Better after sales service.
 - b. Branded products and services.
 - c. Commodities of a country.
 - d. High-technology goods.
35. According to mercantilism a country-based trade theory, what is a country's primary goal should be?
 - a. Protecting citizens from unfair labor practices.
 - b. Encouraging imports to prevent resource depletion.
 - c. Promoting exports to enlarge gold and silver holdings.
 - d. Ensuring sufficient labor for low-wage jobs in the textile industry.
36. Which of the following is **NOT** the reason why Adam Smith was opposing the mercantilism?
 - a. Mercantilism weakens a country.
 - b. Mercantilism misuses a country's resource.
 - c. Mercantilism reduces a country's wealth.
 - d. Mercantilism establishes free trade.

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37. In which stage of the international product life cycle does the firm become more stable and focusing on product import?
- a. New product stage.
 - b. Standardised product stage.
 - c. Maturing product stage.
 - d. Factor condition stage.
38. Which of the following is **CORRECT** pertaining to Linder's country similarity theory?
- a. Interindustry trade is the exchange of goods produced by one industry in country A for goods produced by a different industry in country B.
 - b. Differentiated goods examples are Japanese cars and German cars.
 - c. Undifferentiated goods examples are clothing and computers.
 - d. Intraindustry trade is trade between two countries of goods produced by a different industry.
39. Farah has been able to lower the average cost of baking a cake as she increases the number of cake she bakes each day. Farah is **MOST** likely benefiting from _____.
- a. comparative advantage
 - b. economies of scope
 - c. economies of scale
 - d. absolute advantages
40. Which of the following are the reasons for the development of modern firm-based trade theory?
- I. The growing importance of MNCs in the postwar international economy.
 - II. The inability of the country-based theories to explain the existence of intraindustry trade.
 - III. The inability of the country-based theories to predict the growth of intraindustry trade.
 - IV. The failure of Leontief and other theorists to empirically validate the country-based Heckscher-Ohlin theory.
- a. I, II and III.
 - b. I, II and IV.
 - c. I, III and IV.
 - d. I, II, III and IV.

(Total: 40 marks)

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SECTION B: FILL IN THE BLANK QUESTIONS (15 marks)

Instruction: Please refer to the table below. Fill in the blanks with the most appropriate answer and write the answers in the answer booklet provided.

Proactive	Quota	People	Philanthropic	Infant
Imported	Guidelines	Domestic	Secondary	Compound
Unethical	National	Ethics	Fair	Obstructionist

41. Protection of _____ market is used to justify government intervention in foreign trade.
42. _____ Industry Theory promotes an economic policy that protects young industries in less developed economies until they become established, financially stronger and capable of withstanding competitive pressures.
43. _____ trade suggests that the national government should actively intervene in the decision making of firms.
44. In _____ Trade policy, government adopts industry-by-industry policies to promote the country's overall economic agenda.
45. In import substitution strategy, government is erecting high barriers to _____ goods.
46. One of the example of nontariff barrier is _____.
47. A/An _____ tariff has both an ad valorem component and a specific component.
48. _____ is an individual's personal beliefs about whether a decision, behaviour or action is right or wrong.
49. False advertising is one the example of _____ behaviour.
50. Many large multinationals have written _____ that detail how employees are to treat suppliers, customers, competitors and other stakeholders.
51. The Triple Bottom Line in corporate social responsibility (CSR) are _____, planet and profits.
52. The highest degree of social responsibility that a firm can exhibit is the _____ stance.
53. The lowest degree of social responsibility that a firm can exhibit is the _____ stance.

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54. _____ giving is the awarding of funds or gifts to charities or other social programmes.
55. _____ stakeholders are individuals or groups that may be affected by corporate decisions but are not directly engaged in economic transactions with the firm.

(Total: 15 marks)

SECTION C: STRUCTURED QUESTIONS (45 marks)

Instruction: Please write your answers in the answer booklet provided.

QUESTION 1

- (a) Define foreign exchange. (2 marks)
- (b) Differentiate the **TWO (2)** foreign exchange rates quotes. (4 marks)
- (c) List at least **FOUR (4)** examples of each convertible/hard currencies and inconvertible/soft currencies. (8 marks)

(Total: 14 marks)

QUESTION 2

- (a) List and explain **FOUR (4)** of the strategic alternatives typically adopted by MNCs. (12 marks)
- (b) Below are the three basic forms of corporate level strategies in MNCs. Explain each of the strategies with appropriate examples. (6 marks)
- i. Single-business strategy.
 - ii. Related diversification.
 - iii. Unrelated diversification.

(Total: 18 marks)

QUESTION 3

- (a) Briefly explain the differences of direct and indirect exporting. (4 marks)
- (b) List **THREE (3)** advantages and **THREE (3)** disadvantages of an international licensing. (6 marks)

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- (c) Below are the three methods of foreign market entry through foreign direct investment (FDI). Briefly explain each of the methods. (3 marks)

- i. Greenfield Strategy.
- ii. Acquisition Strategy.
- iii. Joint Ventures.

(Total: 13 marks)

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